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2004 Post-Session Newsletter

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Property Tax\$

Why do we have them?

The property tax is the most difficult tax to comprehend. There has been a lot of talk in the media lately about the property tax situation in Indiana. Some of the issues regarding property taxes can be confusing, and I would like to help clarify some of your frequently-asked questions.

Property taxes fund the majority of local government operations. According to the National Conference of State Legislatures, local government relies upon property taxes for almost 90 percent of its tax revenue. These taxes pay for a variety of services, including teachers' salaries, school buildings, parks, police and fire protection, libraries, poor relief and other municipal and school functions. In Indiana, state government receives less than one tenth of a percent of all property taxes collected.

Some citizens believe that the property tax is outdated, and unfair to those who have to pay it. Historically, property taxes

have funded local governments in the United States since the mid-1800s. Back then, ownership of property was a better indicator of a person's wealth. More property meant more wealth. It was fair to tax a person's land because it was more representative of how much money they earned.

Today, fairness is not so clear. Ownership of property is not always an indication of how much wealth a person has and certainly not indicative of the person's income and ability to pay taxes.

This most recent reassessment evaluated land based upon market value. The Supreme Court ruled that the previous method of reassessment was unfair to homeowners because homes with similar values were assessed differently.

Some citizens have recommended moving toward a system based more on a citizen's ability to pay, such as a higher income and sales tax. No tax is popular, and especially not the income tax, which has not

been well-received by the public in the past when it was proposed. Increasing the sales tax also may create more problems because it is not based on one's ability to pay and hurts poor people the most. And right now, an increase of two or three pennies on the dollar is not enough to make up the billions needed in order to eliminate the property tax.

One of the reasons that this move toward elimination of the property tax is difficult for governments is that it is a very stable form of revenue. In times of recession, such as the last several years when citizens' income levels were lower, sales and income tax collections decreased and the state has had trouble funding essential government programs and services.

Legislators want to help those with high property tax bills. In the 2002 special session, the legislature raised the sales tax a penny and dedicated all of the money to property tax relief for homeowners. Currently, one third of the state budget goes toward property tax relief, dedicating over \$3.6 billion a year.

We have worked to solve those problems that can be fixed immediately. We'll continue to explore ways to reduce the reliance on property tax and work toward solutions that reflect the concerns of all citizens.



State Senator Sue Landske

Serving District 6 — Lake, Porter, Newton and Benton Counties



2004 Facts & Figures

The Second Regular Session
of the 113th General Assembly
began on Organization Day,
November 18, 2003,
and adjourned March 4, 2004.

This non-budget year is known as
the "short" session.

Senate bills introduced: 503
Senate joint resolutions introduced: 10

Senate bills passed: 18
Senate joint resolutions passed: 0

House bills introduced: 459
House joint resolutions introduced: 7

House bills passed: 80
House joint resolutions passed: 0

Percent of introduced bills that were
sent to the governor: 10%

For more information
about the General Assembly's
2004 session,
visit us online at:
www.in.gov/legislative

Property Taxes Remain Priority

The Indiana General Assembly started the 2004 legislative session earlier than usual to address property tax issues. Ordinarily, the legislature convenes for one day on the third Tuesday in November, called Organization Day, in order to meet and do general 'housekeeping' business.

This session, legislators conducted committee meetings and held session in November and December to attempt to ease the property tax burden for homeowners, farmers, and employers hit with higher tax bills than expected.

Due to the court-ordered property tax reassessment, some problems have surfaced in a few counties around the state. During several weeks in the fall, members of the Senate Finance Committee met around the state to gather information and evaluate state policy on property taxes.

The result of the "mini-session," Senate Enrolled Act 1, includes many of the good ideas citizens offered to help address the

What Senate Enrolled Act 1 Does:

- Allows counties to waive penalties assessed for late payment of property taxes
- Allows taxpayers to pay their property taxes in installments
- Extends the filing deadline for existing property tax deductions and exemptions
- Requires approval from elected officials of significant property tax increases by non-elected boards, such as libraries.
- Streamlines the property tax appeal process to make it easier for taxpayers
- Requires assessors to use most favorable assessment method for rental properties
- Repeals local governments' ability to raise and spend excess levies and requires any excess funds to be used to reduce future levies

problems.

One of the most important provisions of SEA 1 will limit future property tax increases through strict controls on local govern-

— see [PROPERTY TAX](#), page 3

Medicare Fraud Schemes Target Senior Citizens

Senior citizens should be alert and aware of identity theft schemes that are intended to defraud the Medicare program. Although this program is run by the federal government, state legislators have been alerted to a scam that could carry a devastating cost.

There have been reports in Indiana, Nebraska, Oklahoma and Georgia of individuals going door-to-door to sign up senior citizens for the Medicare Prescription Drug Cards or to sell them Medigap insurance in exchange for their Medicare numbers. **MEDICARE DOES NOT GO DOOR-TO-DOOR.**

Seniors can protect themselves:

- Never give your Medicare, Medicaid, or Social Security number to anyone who comes to your door.
- Never give these numbers to anyone who promises "free services."
- Hang up on telemarketers who ask for any of these numbers or for your bank account number.

Call, toll-free, 1-800-986-3505 to report suspected Medicare fraud and abuse. It will ring into your local Area Agency on Aging. Area Agencies are part of the Medicare fraud prevention project called Senior ESP. All suspected fraud and abuse case information is confidential.



Legislature Defends Gun Owners' Rights

"The people shall have a right to bear arms, for the defense of themselves and the State." Article 1, Section 32 of the Indiana Constitution grants us the freedom to own firearms and store them in our homes. In Indiana, however, if someone is in your home, steals your gun, and injures or kills someone, you can be held liable.

Last April, the Indiana Supreme Court ordered gun owners to store their guns properly in their own homes or face possible lawsuits. We in the Senate want to protect the more than 300,000 gun owners in Indiana who are law-abiding citizens. House Enrolled Act 1349 prevents gun owners from being sued if their guns were stolen and used to commit a crime.

Many opponents of this legislation argue that the bill grants too much protection to gun owners, especially those who are reckless in storing their guns. On one hand, gun owners should be responsible for their guns and keep them in safe places away from strangers and known criminals. However, this bill does not protect those who are reckless.

Should you be held liable for the unconscionable acts committed by a criminal simply because your property assisted in that act? Clearly, the legislature believes the answer should be no. The protection afforded in the legislation is no different than if someone were to steal your car, which you legally own, and injure someone with it. The driver, not the owner, maintains liability.

HEA 1349 also limits the ability of Indiana's prison inmates to file frivolous lawsuits. Some offenders file lawsuits repeatedly, and this bill allows a judge to dismiss them if they have no merit. These suits tie up the local courts and make it difficult to conduct legitimate business.

This provision attempts to restore social responsibility and place blame where it belongs — on the offender, not the law-abiding citizen.

HOUSE ENROLLED ACT 1265 — Establishes a program pooling state employees to negotiate lower prices for bulk purchases of prescription drugs. Applies to schools, state colleges and universities, and cities and towns. **PASSED. My vote: YES**

Election Reform:



Restoring trust to the democratic process

When Hoosiers visit their polling places during our May primary or the November election, most don't think about voter fraud. However, citizens of Northwest Indiana know the implications of a questionable election.

Secretary of State Todd Rokita worked with the General Assembly this session to pass a series of election reforms aimed at ensuring elections are conducted fairly, cleanly and legally.

Senate Enrolled Act 72, which I authored, focuses heavily on voter registry lists and voting systems, two areas where fraud occurs most often. This act gives counties the authority to purge county voting rolls to eliminate from the list those who have died or left the county. Previously, these lists were not allowed to be updated. Therefore, deceased citizens' names were targets for manipulation and deceitful voting.

The county voter registration office can conduct a voter list maintenance program. Each county must mail out notices to all registered voters. If the

voter fails to respond, he or she is classified as inactive and must be cancelled by the office after the second election.

The second major area addressed in SEA 72 is voting systems. The act gives the Indiana Election Commission the authority to control what voting systems are sold and marketed in the state.

Vendors of voting systems must submit an application to the commission before they can market their systems in the state. They must fill out the applications truthfully, under penalty of perjury. Failure to submit an application could result in a ban on selling systems for up to five years.

Election reforms were some of the most significant changes made during this short legislative session. America is a representative democracy, based on the idea that citizens choose their leaders. Ballot fraud that weakens the election process will not be tolerated. Public confidence in the integrity of voting systems is waning, but Senate Enrolled Act 72 should help revitalize the confidence that Hoosiers once had.

"The right to vote is a consequence, not a primary cause, of a free social system, and its value depends on the constitutional structure implementing and strictly delimiting the voters' power."

— Novelist Ayn Rand

SENATE BILL 85 — Makes it illegal to have open alcoholic beverage containers in a motor vehicle, regardless of whether or not the driver has been drinking. This law would have brought Indiana about \$13.5 million in federal funds. **FAILED. My vote: YES**

HOUSE ENROLLED ACT 1082 — Requires a review of entries in the Missing Children Clearinghouse within 60 days after the review required by laws governing reports made to the National Crime Information Center (NCIC). **PASSED. My vote: YES**

WORKING - for - JOBS

In 2003, the Senate passed legislation with significant economic development measures, dubbed the JOBS plan. Economic development is full time work, and we are constantly trying to improve our business climate here in Indiana to help more Hoosiers find jobs.

Despite a \$1 billion state budget deficit, the Senate has continued to seek new ways to foster a more a competitive atmosphere for businesses in Indiana.

One critical bill, House Enrolled Act 1365, passed the Senate this session and should provide some new momentum for our economic development efforts. It is a combination of several bills that focus on expanding small business investment, improving research and development and encouraging growth around the state.

Economic Development Provisions in HEA 1365

- Makes several research and investment tax credits permanent.
Economic Importance: Businesses will have confidence to invest in creating innovative new products knowing the credits are stable.
- Adds the Emerging Technology Grant Fund to the 21st Century Research and Technology Fund.
Economic Importance: The Fund will match federal grants for small-sized technology-based businesses to accelerate the commercialization of new discoveries in the life sciences, information technology, advanced manufacturing, or logistics industries.
- Gives tax incentives to businesses who locate new or expanded operations on closed military bases.
Economic Importance: Incentives given to businesses on Grissom

PROPERTY TAX

CONTINUED FROM PAGE 1

ment spending. In 2002, legislators tried to anticipate the effects of reassessment and passed a bill that shifted the tax burden to sales and gaming taxes in order to generate an additional \$1 billion in tax relief for residential property owners.

HOUSE ENROLLED ACT 1194 — Opens state records regarding a child who died as a result of abuse, abandonment, or neglect. Requires extensive background checks on all members of a household for temporary and permanent placements. **PASSED. My vote: YES**

Property taxes are very complex compared to other ways government programs and services are financed and the debate continued when session reconvened in January. House Enrolled Act 1001 was enacted to clarify and update language in SEA 1.

Senators also recognized the need to restore the value of certain targeted property tax deductions to levels prior to the reassess-

SENATE JOINT RESOLUTION 7 — Would have begun the process of amending the state constitution to define marriage as the union of one man and one woman. Because it failed in the House, the earliest the provision could appear on the ballot is 2008. **FAILED. My vote: YES**



During a Transportation and Homeland Security Committee meeting, Senator Landske reads testimony about a bill. The committee heard bills on a variety of topics this session.

Air Force Base, Fort Benjamin Harrison and Crane Naval Surface Warfare Center will spark the local economy. New tax incentives are vital due to the elimination of the inventory tax by 2007.

- Improves rules regarding Community Revitalization Enhancement Districts (CREDs).
Economic Importance: CREDs are important economic development tools for the downtown areas of our cities. Expanding and improving CREDs will further these efforts.
 - Allows local governments to assess an annual fee to recipients of tax abatements.
Economic Importance: The fee would be used by local economic development boards to help provide more jobs within the area. It would help small rural communities that do not have big budgets for economic development.
 - Repeals the sales tax on complimentary hotel rooms.
Economic Importance: Indiana will be more competitive with other states in attracting tourism and convention business.
- The provisions mentioned are only several of many economic development bills filed this session. We will continue our effort to provide Indiana with the tools needed to improve our economic climate.

ment. SEA 296 updates existing deductions for the elderly, blind or disabled, wartime service disabled, disabled veteran, surviving spouse of a WWI veteran, WWI veteran, residential property rehabilitation, historic property rehabilitation, and residentially distressed area property rehabilitation.

We want to be fair and do what's right for Hoosier homeowners.

SENATE ENROLLED ACT 1019 — Requires the adoption of rules regulating safety standards for bull ride simulators, which stems from a tragic incident at the Porter County fairgrounds. Also regulates indoor pyrotechnics. **PASSED. My vote: YES**